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PAKISTAN'S FOOD SHORTAGE

NO CHANGE IN CLASS. [ ]

1.1 DECLASSIFIED

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release instructions apply.

Pakistan is now facing a critical shortage of foodgrains which apparently will require importation of a minimum of 1,000,000 long tons in 1953-54 to avoid a serious famine. Of this amount, barter agreements and the Colombo regional aid plan will provide 131,000 tons of wheat, and the Pakistani government has allocated foreign exchange to purchase an additional 140,000 tons. The remainder of almost 730,000 tons presumably must come from the dollar area or the Soviet bloc.

Pakistan, supposedly a food surplus nation, had exported grain in only two years since it became independent. In 1949 it imported 160,000 tons, in 1952 about 882,000 tons; in 1953 imports will probably be even larger. In 1949 and 1952 respectively the USSR supplied Pakistan with 126,000 and 150,000 tons of wheat out of the total imported.

The testimony of a Point IV official before the Senate Agriculture and Forestry Committee on 20 April 1953 indicated that Pakistan's minimum requirements were 800,000 tons of grain. Of this 300,000 to 500,000 tons could be obtained only in the dollar area.

Later information from American diplomatic and Point IV personnel in Pakistan has indicated it needs from 1,000,000 to 1,200,000 tons of grain in 1953. The findings of the Reed commission, which has just completed an on-the-spot study in Pakistan, apparently agree with

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these figures. The commission recommends that Pakistan be supplied by the United States with about 700,000 tons of foodgrains to meet its immediate needs and an additional 250,000 tons to replenish reserves and prevent inflation. Its figures apparently do not include the 271,000 tons of grain which Pakistan may obtain elsewhere.

The Pakistani government prefers that American assistance be in the form of a grant in aid, because a loan would eliminate the possibility of further borrowing from the World Bank in support of Pakistan's economic development program. The Reed commission also suggests this form of assistance.

According to American press reports of 25 May, President Eisenhower and Republican Congressional leaders have decided to support legislation to provide 1,000,000 tons of wheat to Pakistan.